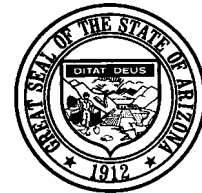


ARIZONA

TAXNEWS



Janet Napolitano, Governor

Gale Garriott, Director

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ARIZONA DEPARTMENT OF REVENUE MISSION STATEMENT

To administer tax laws
fairly and efficiently for
the people of Arizona

DOR WEBSITE REDESIGNED

The Arizona Department of Revenue internet website has a new look and feel. The new site is easier to navigate and much more friendly to use. Here are a few of the changes you will notice:

There are three main menus: Individual, Business, and Tax Professional, and you should find almost everything you need on one of those menus, depending on who you are.

- ✓ If you are an **Individual**, you will find links to forms, brochures and publications, information about moving to Arizona, links to property tax information and more on the Individual menu.
- ✓ If you are a **Business**, you will find links to forms, contracting information, licensing information, unemployment information and

many other areas that are of interest to businesses in Arizona.

- ✓ If you are a **Tax Professional**, you will find links to forms, seminars and education, software vendor information, software developer information, and much more, all in one convenient spot.

The forms menus have been redesigned and make it easier to find the form you are seeking as well as forms for prior years.

There are a few new areas too: the Research, Rulings, and Legislation menu gathers a wide range of information together in one spot as well as links to archived information for those of you doing research, and the Newsroom will have all the latest news and updates.

AUTOMATED UPDATE PROGRAM

This program provides you with DOR updates and information via e-mail. This program will provide the participants with such items as the Tax News, Tax Facts, News Releases, Procedures, Rulings, etc. as soon as they are released.

How do I participate in the program?

To participate you will need to provide your first and last name and e-mail address.

Is there a cost or subscription fee for this service?

No. This service is being provided at no charge for our Tax Professional partners.

Will my e-mail address be released or sold to other agencies or companies?

When the department receives information from visitors to its web site through e-mail or another means provided by the web site, the information is treated and used in the same manner as information that is received through the U.S. Mail or by telephone and is subject to the same protection and guidelines for non-disclosure of that information. The department will make every reasonable effort to maintain the confidentiality of this information subject to state law and regulation.

*****REMINDER*****

FOR NON-EFT TPT FILERS

To avoid a delinquency, postmark your December 2005 TPT return no later than January 25, 2006 or deliver to DOR no later than January 30, 2006.

The Tax Facts—Summary of General Fund Revenues & Individual Income Tax Receipts—are available on the department's website, www.azdor.gov

E-Mail Your Questions

If you have a question that you cannot find the answer to, our Technical Assistance personnel may prove useful to you. We will gladly respond to any e-mail technical tax inquiry. All inquiries will be responded to within two working days.

E-mail your question to:

TaxpayerAssistance@azdor.gov

In the interest of maintaining confidentiality, DOR cannot respond to inquiries that include a Social Security number, FEIN, TPT or W/H number, or other specific taxpayer identifiers.

Department of Revenue Telephone Numbers & Web addresses

Individual & Corporate Income Tax

..... (602) 255-3381

Toll-free from

area codes 520 and 928..... (800) 352-4090

Transaction Privilege, Use, Withholding Tax,

Licensing..... (602) 255-2060

Toll-free from

area codes 520 and 928..... (800) 843-7196

Hearing Impaired TDD User (602) 542-4021

Toll-free from

area codes 520 and 928..... (800) 397-0256

To order forms by phone (602) 542-4260

Forms and instructions are also available

on our website at www.azdor.gov

Businesses can now register, file and pay

online at www.AZTaxes.gov

TAX CALENDAR

JANUARY 2006

Due Date	For Period Ending
2	State Holiday - New Year's Day All State Offices Closed
16	State Holiday - Martin Luther King, Jr./ Civil Rights Day (Observed) All State Offices Closed
17	Income Tax Returns: 9/30/05
	Form 120: Corporation
	Form 140: Individual
	Form 141: Fiduciary
	Form 165: Partnership
17	Form 120: Corporation with Automatic Extension 3/31/05
17	Form 120S: S Corporation 10/31/05
17	Form 99: Exempt Organization 8/31/05
	Form 99T: Exempt Organization Annual Information Return
17	Form 120ES: Estimated Tax Payment, Corporation
	First Installment 9/30/06
	Second Installment 7/31/06
	Third Installment 4/30/06
	Fourth Installment 1/31/06
20	Form TPT-1: Transaction Privilege Tax: December Monthly Filers, Quarterly and Annual Filers 12/31/05
20	Bingo: Financial Reports 12/31/05
20	Luxury Tax: Various Forms 12/31/05
25	EFT Form TPT-1 and Payment: Transaction Privilege Tax: December Monthly Filers 12/31/05
31	Form A1-QRT: Withholding Tax 12/31/05

Withholding Tax Payment Information:

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **exceeds** \$1,500 the employer must make its Arizona withholding payments to the Department of Revenue at the same time as the employer is required to make federal withholding deposits.

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **does not exceed** \$1,500 the employer must make its Arizona withholding payments to the department on a quarterly basis.

The *Arizona TaxNews* is a publication of the Arizona Department of Revenue. Information contained herein is of a general nature and is not designed to address complex issues in detail. Taxpayers requiring information concerning a specific tax matter should contact the appropriate office. This newsletter is available in an alternative format upon request. Subscription information may be obtained from the Publications Unit at 602-716-6797 or toll free from area codes 520 & 928, 1-877-863-0655.

MAILING ADDRESSES

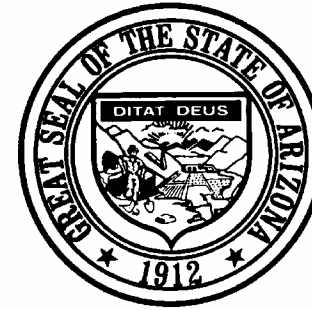
Taxpayer Information & Assistance GENERAL INFORMATION Billing Inquiries, Refund Issues	Arizona Department of Revenue PO Box 29086 Phoenix, AZ 85038-9086
License & Registration Tobacco Stamps, Bonds, Forms TPT Licenses, Address Changes	License & Registration Arizona Department of Revenue 1600 West Monroe Phoenix, AZ 85007
Transaction Privilege, Use Severance Tax Audit Billing Inquiries, Refund Issues	Arizona Department of Revenue PO Box 29010 Phoenix, AZ 85038-9010
Office of Tax Policy Written Advice, Tax Rules, Tax Procedures	Arizona Department of Revenue 1600 West Monroe Phoenix, AZ 85007-2650
Penalty Review Unit Request for Abatement of Penalties	Arizona Department of Revenue 1600 West Monroe Phoenix, AZ 85007-2650
Letter of Good Standing Corporate Income Tax, Individual Income Tax, Transaction Privilege Tax, and Withholding Tax	Collections Division Liaison Arizona Department of Revenue PO Box 29070 Phoenix, AZ 85038-9070
Estate Tax Report of Personal Representative of Decedent	Estate Tax Office Arizona Department of Revenue 1600 West Monroe Phoenix, AZ 85007-2650
Assumption of Duties in A Fiduciary Capacity	Fiduciary Unit Arizona Department of Revenue 1600 West Monroe Phoenix, AZ 85007-2650
Individual Income Tax Estimated Tax Payments	Arizona Department of Revenue PO Box 29085 Phoenix, AZ 85038-9085
Unclaimed Property	Unclaimed Property Unit Arizona Department of Revenue PO Box 29026 Phoenix AZ 85038-9026

State of Arizona

Department of Revenue

Telephone and Mailing Address Directory

For the Tax Professional Community



Director
Gale Garriott
602-716-6914

Deputy Director
Kristine Ward
602-716-6934

1600 West Monroe, Phoenix
3191 North Washington, Chandler
400 West Congress, Tucson

Internet Address: www.azdor.gov

ADMINISTRATIVE SERVICES

Assistant Director	Lisa Cross	602-716-6936
Hearing Office	Jonathan Hadley	602-716-6947

AUDIT

Assistant Director	Vince Perez	602-716-6552
Corporate Income Tax	Donna McCuin	602-716-6401
Discovery	Steve Doyle	602-716-6285
Individual Income Tax	Steve Wilkins	602-716-6299
License Compliance	Kevin Helfrich	480-507-1267
Special Taxes		
(Bingo, Estate, Luxury)	Dave Manzer	602-716-6408
Transaction Privilege Tax	Miguel Teposte	602-716-6652

COLLECTIONS

Assistant Director	Mel Litzenberger	602-716-6892
Bankruptcy Administrator	Renee Jordan	602-716-6711
Debt Set Off Supervisor	Mary Ann Garcia	602-716-6766
Field Administrator	Nate Martinez	602-716-6707
Office Administrator	Bob Hommel	602-716-6413
Lien Supervisor	Gloria Garrick	602-716-6702

DIRECTOR'S OFFICE

Executive Assistant to the Director	Donna Linkous	602-716-6916
Problem Resolution Office	John Sylvester	602-716-6025

EXTERNAL SERVICE & SPECIAL PROJECTS

Acting Assistant Director	Anthony Forschino	602-716-6921
Criminal & Civil Investigations & Tobacco Enforcement Unit	Sandy Schwartz	602-716-6943
Economic Research & Analysis	Georganna Meyer	602-716-6927
Legislative Liaison Office	Anthony Forschino	602-716-6921
Public Information Office	Dan Zemke	602-716-6882
Ladewig	Jorge Frank	602-716-6925

INFORMATION TECHNOLOGY

CIO/Assistant Director	Michele Mallory	602-716-6955
Application Support	James Yahnke	602-716-6272
BRITS Project Manager	James Harden	602-716-6290
Customer Services Management	Kurt Mueller	602-716-6294
Customer Infrastructure Support	Tammy Hendricks	602-716-7070
Technical Operations	Peggy Bowcott	602-716-6277

PROCESS ADMINISTRATION

Assistant Director	Lynette Nowlan	602-716-6281
Business Tax Processing	Tammy Phelan	602-716-6172
Electronic Funds Transfer Unit	Tom MacConnel	602-716-6593
Income Tax Processing	Sandy Hansen	602-716-6225
Incoming Mail Services	Betty Martz	602-716-7095
Revenue Accounting	Tom Piner	602-716-6319
Records Management	Rigo Ramirez	602-716-6304

PROPERTY TAX

Assistant Director	Cheryl Murray-Leyba	602-716-6807
Assessment Standards & Equalization		
Administrator	Ed Leyba	602-716-6817

TAXPAYER SERVICES

Assistant Director	Marquetta White	602-716-6048
Tax Practitioner Hotline	Business Taxes	602-542-2054
Tax Practitioner Hotline	Income Taxes	602-542-2132
Practitioner Assistance email:	TaxpayerAssistance@azdor.gov	
Community OutReach and Education	Tom Waters	602-716-6283
Email:	seminars@azdor.gov	
e-File	Donna Muccilli	602-716-6513
Email:	efile@azdor.gov	
Email:	2dbarcode@azdor.gov	
License and Registration	Norma Carrillo	602-716-6092
Penalty Review Unit		602-716-7802
Taxpayer Info and Assistance	Jeanette Maez	602-716-6052
Unclaimed Property	Dan Corcoran	602-716-6033
Email:	unclaimedproperty@azdor.gov	

TAX POLICY & RESEARCH

Assistant Director	Frank Migray	602-716-6884
Chief Tax Policy Officer	Sharon Seedall	602-716-6879
Corporate Income Tax / Appeals	Barbara Rivera	602-716-7404
Individual Income Tax / Appeals	Georgia Hudak	602-716-6497
Tax Policy - Business & Income Tax		602-716-6803
Transaction Privilege Tax / Appeals		
Administrator/Disclosure Officer	Joyce Kinhead	602-716-6586

2006 INFLATION ADJUSTMENTS WIDEN TAX BRACKETS, CHANGE TAX BENEFITS

WASHINGTON — Personal exemptions and standard deductions will rise, tax brackets will widen and individuals will be able to make larger tax-free gifts in 2006, thanks to inflation adjustments announced today by the Internal Revenue Service.

By law, a variety of tax provisions must be revised each year to keep pace with inflation. As a result, more than three dozen tax benefits, affecting virtually every taxpayer, are being modified for 2006. Key changes affecting 2006 returns, filed by most taxpayers in early 2007, include the following:

- The value of each personal and dependency exemption, available to most taxpayers, will be \$3,300, up \$100 from 2005.
- The new standard deduction will be \$10,300 for married couples filing a joint return, \$5,150 for sin-

gles and \$7,550 for heads of household. Nearly two out of three taxpayers take the standard deduction, rather than itemizing deductions, such as mortgage interest, charitable contributions and state and local taxes.

- Tax-bracket thresholds will increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15% bracket from the 25% bracket will be \$61,300, up from \$59,400 in 2005.

The annual gift tax exemption will be \$12,000, up from \$11,000 in 2005.

Revenue Procedure 2005-70, containing a complete rundown of inflation adjustments, is posted on the IRS Web site and will appear in Internal Revenue Bulletin 2005-47, dated Nov. 21, 2005.

ARIZONA INDIVIDUAL INCOME TAX ITEMS OF INTEREST FOR TAX YEAR 2005

The Standard Deduction is Now Indexed for Inflation

Beginning with the 2005 tax year, the standard deduction will be annually indexed for inflation. For 2005, the standard deduction for a single taxpayer or a married taxpayer filing a separate return has increased from \$4,050 to \$4,125. The standard deduction for a head of household or a married couple filing a joint return has increased from \$8,100 to \$8,250.

Maximum Credit for Contributions Made to Public Schools Increased for Married Taxpayers

For 2005, the maximum credit for contributions or fees paid to public schools has increased from \$250 to \$300 for married taxpayers. For 2006, the maximum credit for contributions or fees paid to public schools will be increased from \$300 to \$400 for married taxpayers. The maximum credit allowed for single taxpayers or heads of households is not changed and remains at \$200. Use Form 322 to claim this credit.

Maximum Credit for Contributions Made to School Tuition Organizations Increased for Married Taxpayers

For 2005, the maximum credit for contributions made to school tuition organizations has increased from \$625 to \$825 for married taxpayers. For 2006, the maximum credit for contributions made to school tuition

organizations will be increased from \$825 to \$1,000 for married taxpayers. The maximum credit allowed for single taxpayers or heads of households is not changed and remains at \$500. Use Form 323 to claim this credit.

Maximum Credit for Contributions Made to Charities That Help the Working Poor Increased for Married Taxpayers

For 2005, the maximum credit for contributions made to organizations that help the working poor has increased from \$200 to \$300 for married taxpayers. For 2006, the maximum credit for contributions made to organizations that help the working poor will be increased from \$300 to \$400 for married taxpayers. The maximum credit allowed for single taxpayers or heads of households is not changed and remains at \$200. Use Form 321 to claim this credit.

Dollar Limit of Clean Elections Fund Tax Credit Increased

The Secretary of State adjusted the various Clean Elections Act dollar amounts. The maximum allowable amount for purposes of the Clean Elections Fund Tax Credit is now 20% of the tax liability or \$580 (\$1,160 for married couples filing jointly) whichever is greater.

New Credit for Healthy Forest Enterprises

You may qualify for this credit if you had net increases in qualified employment positions as a healthy forest enterprise. Use Form 332 to figure this credit.



FORMS CD AVAILABLE SOON; DOR OFFERS NEW SERVICE

The *2005 Professional Edition Arizona Tax Forms CD* will be available for tax professionals in mid-December 2005. Containing the 1995 – 2005 personal income, corporate income, employer's withholding and individual credit forms, this is a must have CD. Also included are Arizona Department of Revenue rulings and procedures as well as the E-File Preparers Handbook and the DOR Annual Report. Except for \$5 shipping and handling fee if mailed, the CD is FREE and will be available at all Arizona Department of Revenue offices.

DOR Offers New Service

E-File is still the preferred method for filing individual income tax returns; but for those who are reluctant to e-file, DOR is providing a new service. Effective January 2006, the department will offer fillable forms with select 2005 forms that do the math. That's right! You fill it in...it does the math. These forms can be

accessed on the department's website at www.azdor.gov or by using the free *Arizona Tax Forms Home Edition CD*.

The CD contains 1995 – 2005 personal income, corporate income, employer's withholding and individual credit forms. Additionally, frequently asked questions for personal income, employer's withholding and electronic filing (known as E-File) are available. Except for \$5 shipping and handling if mailed, the CD is FREE and will be available at all Arizona Department of Revenue offices.

To have either CD mailed, please call 602-255-3381 or 1-800-352-4090 toll-free from area codes 520 and 928.

Whether on the website or using the CD simply add the data to the fillable form and it will do the math. When finished, print it out and mail it in. It's that easy!